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Brazil

Poultry and Products

Brazilian Poultry Exports Update 2004

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Report Highlights:

Brazilian chicken meat exports increased by 9.3 percent in volume to 537,335 metric tons during the first quarter of 2004 (Jan-Mar), while the value exported increased by 46 percent due to a higher export price, as a result of the effects of the Avian Influenza in the world poultry market.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brasilia [BR1]
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Overview

Brazilian exports of chicken meat during the first quarter of 2004 (Jan-March) reached 537,335 metric tons, up 9.3 percent from the same period in 2003. This expansion in volume is the lowest in the past four years, despite the animal health (Avian Influenza) concerns in the global market, which was expected to help Brazilian chicken meat exports, since the country is free of A.I. The Brazilian Broiler Processing Exporters Association (ABEF) informed that the total volume exported could have been 20,000 metric tons higher during the first quarter of the year if not for the strike of Brazilian government inspectors that temporarily hit all exports of agricultural and food products.

However, the value of exports during the same period increased significantly by 46 percent. According to Post's trade contacts, this is the result of a strategy developed by major broiler packers to (1) prioritize the valorization of chicken prices due to the outbreaks of Avian Influenza in different parts of the world; (2) concentrate efforts on the exports of high value products (parts and processed broilers); and, (3) expand and/or maintain volume by market promotion in non-traditional markets.

BRAZIL: Volume of broiler exports, during Jan-Mar, 2003-04, in metric tons:

TYPE	2003	2004	Change (%)
Whole	213,251	225,358	05.7
Parts	270,681	300,738	11.1
Processed	7,797	11,239	44.1
TOTAL	491,729	537,335	09.3

Source: Brazilian Office of Foreign Trade (SECEX).

Major market destinations

Japan

Exports of broiler parts to Japan increased by 88 percent in volume during Jan-Mar 2004, compared to the same period in 2003, while the value of exports increased significantly by 195 percent. The average price of chicken meat exports to Japan in the period increased by 57 percent from US\$989 to US\$1,548 per metric ton, FOB.

According to our trade sources, the increase in the volume exported to Japan is due to the ban on fresh/frozen poultry from China, Thailand, and the United States. The volume of exports to Japan would have been higher if consumption in that market had not declined. Brazilian traders estimate a decline in chicken consumption in Japan of nearly 20 percent during the first quarter of 2004.

Brazilian poultry exporters expect trade with Japan to continue to be strong in the second quarter due to Japanese import restrictions from other suppliers because of the Avian Influenza. In addition, traders say that higher exports of chicken meat to Japan have somewhat offset the impact of the decline of chicken meat exports to Russia and the European Union during the first quarter of 2004.

Russia

Brazilian Chicken meat exports to Russia (whole and parts) decreased by 78 percent in volume during Jan-Mar 2004, compared to the same period in 2003. Exports of whole broilers dropped by 57 percent in volume from 30,664 metric tons in 2003 to 13,035 metric tons in 2004, while exports of chicken parts dropped by 86 percent from 70,250 metric tons to 9,510 metric tons.

Although the total volume of broiler exports to Russia declined by 78 percent, the value of exports declined by 65 percent, since Brazilian exporters reported an increase of 31 percent in the export price to that market for whole broilers and 75 percent increase for broiler parts.

As previously expected by Brazilian poultry exporters, exports to Russia declined because of the Russian quota system. However, Brazilian traders are optimistic with chicken exports to Russia during the second quarter of 2004 because of the new Russian government resolution that allows redistribution of poultry meat. In addition, trade sources have also indicated that if the Russians win the Brazilian government bid for military aircraft this could impact on the trade of chicken meat.

European Union

Exports of broilers to the European Union dropped by 22 percent in volume, from 61,609 metric tons in 2003 to 48,160 metric tons in the first quarter of 2004, due to the following factors: (1) increase of 75 percent in the tariff for broiler parts (chicken breast); (2) overall drop of 5 percent in poultry consumption in the European Union due to the effects of Avian Influenza; and, (3) stronger competition in the German market from processed chicken meat from Thailand. Exports of chicken meat, mostly parts to Germany, dropped by 58 percent during the first quarter of 2004.

Other markets

Brazilian chicken meat exports to the Former Soviet Republics increased significantly by 430 percent during the first quarter of 2004, mostly due to higher exports to Ukraine and Georgia. China also became an important market for Brazilian exporters during the first quarter of 2004 with imports increasing from an insignificant volume of 444 metric tons in 2003 to about 10,000 metric tons in the same period in 2004. Other traditional markets for Brazilian chicken meat, such as Saudi Arabia and other Middle East countries maintained their normal level of Brazilian chicken meat imports.

Comment

Both Brazilian production and exports of chicken meat in 2004 are within post forecasts made in the semi-annual report. At this point in time, post does not see any need to increase production or exports of chicken meat.